

Message Text

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TO AMEMBASSY BANGKOK IMMEDIATE

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E.O. 11652:N/A

TAGS: ESCAP, EAID

SUBJECT:ECONOMIC PLANNING MEETING - SECOND GUIDANCE MSG

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FOR RED - BOEHM

1. FOLLOWING ARE COMMENTS AND GUIDANCE ON AGENDA ITEM IV
MID-TERM REVIEW AND APPRAISAL CHAPTERS IV-IX "MAJOR
PRIORITY PROBLEMS IN ESCAP REGION."

2. CHAPTER IV FOOD - WE BELIEVE CHAPTER IS PRETTY GOOD
SUMMARY AND HAVE NO SIGNIFICANT PROBLEMS WITH IT. TWO
SMALL POINTS: (1) ON PAGE IV-23 REF IS MADE TO NEED FOR
CREDIT "AT LOWER INTEREST RATES THAN THOSE CONSIDERED
NORMAL IN COMMERCIAL BANKING." SPRING REVIEW WOULD LEAD
AID/W TO QUESTION THIS AS GENERAL STATEMENT. IF CREDIT
IS TO BE MOBILIZED FOR RURAL AREAS, COMPARABLE INTEREST
RATES MAY BE NECESSARY. (2) WE ARE POUCHING USDA BULLETIN
"DEVELOPMENT AND SPREAD OF HIGH YIELDING VARIETIES OF WHEAT
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AND RICE IN L.D. NATIONS" WITH WHICH DATA IN TABLE IV-5 MAY
BE UPDATED. RED MAY WISH PASS TO SECRETARIAT. ALSO POUCH-
ING USDA PAPER "THE GREEN REVOLUTION: PAST AND PROSPECTS"

WHICH WE BELIEVE MAY BE OF INTEREST WITH REF TO MATERIAL INPUTS SECTION PG IV 7-20 AND GREEN REVOLUTION SECTION, PG IV 30 AND 32.

3. CHAPTER V ENERGY - ESSENTIALLY A DESCRIPTIVE SKETCH OF RECENT ENERGY DEVELOPMENTS IN ESCAP COUNTRIES AND SERIOUS EFFECT ON THEM. VIRTUALLY NO SUBSTANTIVE POLICY RECOMMENDATION. WE TAKE ISSUE WITH POTENTIALLY MISLEADING STATEMENT RE HIGH PROFITS INTERNATIONAL OIL COMPANIES PG V-21. IT SHOULD BE POINTED OUT THAT CONTRARY TO POPULAR BELIEF CURRENT PROFIT LEVELS OF US OIL COMPANIES NOT SIGNIFICANTLY ABOVE HISTORIC NORM OF ABOUT 12 PERCENT AND MUCH OF RECENT PROFIT INCREASES DUE LARGELY TO CHANGES IN CURRENCY EXCHANGE RATES AND SHARP UPWARD REVALUATION OF EXISTING INVENTORIES. COMPANY PROFITS FROM REFINING AND DISTRIBUTION VIRTUALLY NON-EXISTENT. WE NOTE TWO APPARENT ERRORS IN TEXT: (1) PG V-5: OCTOBER 1973 DOLS 2.70/3.10 MKT PRICE FOR SAUDI ARABIAN LIGHT ROSE BY NOVEMBER 1974 TO DOLS 10.37, A RISE OF NEARLY 300 PERCENT; (2) PG V-5 AND 6: 1974 OIL IMPORT COSTS OF LDC'S ESTIMATED AT DOLS 14.9

BILLION, ALMOST TRIPLE RATHER THAN DOUBLE 1973 TOTAL OF DOLS 5.1 BILLION.

4. A. CHAPTER VI RAW MATERIALS - US CONSIDERS DOCUMENT RELATIVELY BALANCED WITH GENERALLY ACCURATE DESCRIPTION OF CURRENT SITUATION. HOWEVER, IN LIGHT OF VARIOUS US CONCERNS DISCUSSED BELOW WHICH USDEL MAY DRAW ON, AS APPROPRIATE, USDEL SHOULD AVOID ENDORSING, AND SIMPLY NOTE DOCUMENT.

B. US OBJECTS TO UNQUALIFIED STATEMENT PG VI-3 THAT INDEXATION OF LDC EXPORT PRICES TO PRICES OF THEIR ESSENTIAL IMPORTS IS NEEDED. US IS SYMPATHETIC TO NEEDS AND PROBLEMS OF LDC'S AND AGREES INCREASED ECONOMIC DEVELOPMENT IS NEEDED TO ENABLE THEM TO IMPORT GOODS ESSENTIAL TO THEIR DEVELOPMENT. HOWEVER, US HAS SERIOUS POLICY AND UNCLASSIFIED

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PRACTICAL DIFFICULTIES WITH MECHANISM OF INDEXATION. PRINCIPAL US CONCERNS WITH INDEXATION ARE BASED ON EXTENSIVE MARKET INTERFERENCE WHICH WOULD BE NECESSARY TO IMPLEMENT ANY INDEXATION SCHEME AND PROBABLE RESULT OF TRADE DISTORTION AND MISALLOCATION OF RESOURCES. PRACTICAL PROBLEMS INVOLVE MANY DIFFICULTIES ASSOCIATED WITH ATTEMPTS TO DEVELOP FEASIBLE AND EQUITABLE INDEXES, AS WELL AS PROBLEMS OF ENFORCEMENT OF INDEXATION SCHEMES. ISSUE BEING GIVEN IN-DEPTH EXAMINATION IN UNCTAD.

C. US ALSO QUESTIONS DESIRABILITY OF ANALYSES OF MARKETING AND DISTRIBUTION SYSTEMS. SUCH STUDY HAS BEEN UNDERTAKEN BY UNCTAD FOR COCOA AND US HAD MANY DIFFICULTIES

WITH IT(BOTH SPECIFICALLY AND IN ITS GENERAL COMMENTS AND CONCLUSIONS). IT IS UNDERGOING REVISION.

D. US ALSO CONCERNED STATEMENT PG VI-12 THAT OBJECTIVE OF

STABILIZATION IS TO STABILIZE PRICE AT LEVEL ABOVE MARKET PRICE. OUR CONCERN BASED ON INTERFERENCE WITH MARKET FORCES OF SUPPLY AND DEMAND THAT WOULD BE NECESSARY TO ACHIEVE SUCH A GOAL.

E. RE DISCUSSION ON NATIONAL POLICIES AND CONCEPT OF PERMANENT SOVEREIGNTY OVER NATURAL RESOURCES (P. VI-16) CONCEPT OF HONORING CONTRACTUAL AND INTERNATIONAL OBLIGATIONS IS OMITTED, ALTHOUGH IDEA OF COOPERATIVE EFFORTS BY DC'S AND LDC'S IN EXPLOITATION OF NATURAL RESOURCES IS MENTIONED EARLIER IN DOCUMENT.

F. RE DISCUSSION ON PRODUCERS ASSOCIATIONS, (P. VI-18 TO 27) US BELIEVES PRODUCERS ACTING IN CONCERT AMONG THEMSELVES CANNOT CLAIM A LEGITIMATE INTERNATIONAL MANDATE TO DECIDE FUTURE SUPPLY AND PRICE OBJECTIVES THAT WOULD BE FAIR TO CONSUMERS AS WELL AS PRODUCERS. IN CONTRAST, THE TRADITIONAL STANDARDS GOVERNING INTERGOVERNMENTAL INTERVENTION IN INTERNATIONAL COMMODITY TRADE MAKE PROVISION TO PROTECT CONSUMERS (INCLUDING LDC CONSUMERS) AS WELL AS PRODUCER INTERESTS THROUGH THEIR PARTICIPATION IN ANY PRICE/SUPPLY REGULATION SCHEME.

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G. US SUPPORTS STATEMENT P. VI-27 THAT ATTENTION HAS TO BE PAID TO WHETHER PRODUCERS' COMMUNITIES ARE BEST FORM OF JOINT ACTION ON RAW MATERIALS.

H. US SUPPORTS TECHNICAL COOPERATION BEING CARRIED OUT IN ESCAP REGIONAL PRODUCER COMMUNITIES BUT CONSIDERS THAT ACTION ON GLOBAL ECONOMIC ISSUES SHOULD BE REMANDED TO APPROPRIATE INTERNATIONAL FORA.

5. A. CHAPTER VII DEVELOPMENT ASSISTANCE - GENERAL COMMENT: DOCUMENT LACKS BALANCE. INITIAL DISCUSSION OF "DEVELOPMENT ASSISTANCE" CONCEPT IS GENERALLY IRRELEVANT TO SUBSTANCE OF ANALYSIS THAT FOLLOWS. ANALYSIS FAILS TO

APPLY SAME STANDARDS FOR EVALUATING DAC AND NON-DAC AID FLOWS. FOR EXAMPLE, PROBLEMS OF TIED AID AND VOLUME PERFORMANCE IS EXTENSIVE IN THE CASE OF DAC DONORS BUT IS NOT CARRIED OVER TO ANALYSIS OF AID FLOWS OF CEMA COUNTRIES. DISCUSSION OF "ONEROUS TERMS" AND "LIMITED VOLUME" OF IMF OIL FACILITY STOPS SHORT OF FULL PRESENTATION OF BASIC UNDER-

LYING PROBLEM, THAT OF COMMITMENTS AND TERMS OF AID FROM

NEWLY RICH OIL EXPORTING NATIONS. A BALANCED VIEW OF "DEVELOPMENT ASSISTANCE" REQUIRES HEAVY EMPHASIS ON THEIR CURRENT AND POTENTIAL ROLE IN AID FLOWS RATHER THAN NOTICEABLE LACK OF ANY COMMENT. HOWEVER, LACK OF BALANCE IN PRESENTATION, THE CAUTION IN COMMENTING ON NON-DAC DONORS AS OPPOSED TO HANDLING OF DAC DONORS, SUGGESTS A "FAMILY-LIKE" RELATIONSHIP BETWEEN LDC'S AND DAC COUNTRIES AS OPPOSED TO A MORE RESTRAINED "FRIENDSHIP: WITH NON-DAC DONORS.

B. SPECIFIC SUGGESTIONS: DELETE PAGE ONE AND REPLACE WITH SHORT STATEMENT ON NATURE OF DEVELOPMENT ASSISTANCE WHICH REFLECTS CONTENT OF REMAINDER OF CHAPTER. FOLLOWING INTRODUCTORY STATEMENT MAY BE VIEWED AS BASIS FOR APPROPRIATE SECTION.

"DEVELOPMENT ASSISTANCE IS ESSENTIALLY CONCERNED WITH INFLOW OF EXTERNAL RESOURCES TO ASSIST RECIPIENT COUNTRIES TO ACHIEVE DEVELOPMENT AND SELF RELIANCE. THIS IS BASIS UNCLASSIFIED

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FOR DISCUSSIONS OF NEED FOR GREATER FLOWS OF ASSISTANCE, WITH HIGHER DEGREE OF CONCESSIONALITY. CONTINUING NEED FOR DEVELOPMENT ASSISTANCE HAS BEEN EXPRESSED BY DEVELOPING AND DEVELOPED COUNTRIES ALIKE JUST AS THEY RECOGNIZE IMPORTANCE OF SELF RELIANCE IN ATTAINING GOALS OF SECOND DEVELOPMENT DECADE."

C. SECTION A(2) P.VII 2. ONE PERCENT TARGET. REVISE FIRST SENTENCE AS FOLLOWS: "THE ONE PERCENT TARGET OF FINANCIAL FLOWS INCLUDES ODA, OOF, GRANTS BY PRIVATE VOLUNTARY AGENCIES AND OTHER PRIVATE FLOWS WHICH ARE MOTI-

VATED BY A VARIETY OF COMMERCIAL CONSIDERATIONS SUCH AS EXPORT CREDITS, DIRECT AND PORTFOLIO INVESTMENT."

INSERT "WITHIN UNCTAD" AFTER "SUPPORT" AND BEFORE "FOR" OF FIRST LINE THE SENTENCE OF VII-4.

DELETE "WERE" FROM LINE 13 VII-6.

DELETE SENTENCE THREE LAST PARA VII-6 BEGINNING "THE RESULTING....."

INSERT "INTEREST" IN PLACE OF "DISCOUNT" IN LINE 8 OF VII-7. INSERT "DIFFERS" BETWEEN "WHICH" AND "IN", AND "BUT FOR THE LEAST DEVELOPED" BETWEEN "CASES" AND "CALLS" IN LAST SENTENCE OF SECOND PARA BEGINNING "THE ADVANTAGE..."

INSERT "MAY OR MAY NOT BE" IN PLACE OF "ARE NOT" IN LINE 12 VII-8.

ON P. VII-10 ADD "BUT RAISING THE TOTAL COST OF THE PROJECT" AFTER "EFFECT OF AID" IN SECOND SENTENCE OF LAST PARA.

SECTION (6) P. VII-12. "AID FLOWS FROM CENTRALLY PLANNED ECONOMIES" CALLS FOR COMMENTARY REGARDING GRANT ELEMENT OF FLOWS AS WELL AS POINTING OUT TIED NATURE OF MUCH OF THESE FLOWS WHEN APPLICABLE. THIS IS PARTICULARLY RELEVANT IN VIEW OF COMMENT ON PAGE 13, LINE 5 REGARDING INCREASE IN IMPORTANCE OF COMMERCIAL CREDITS FOR THE PUR-
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CHASE OF EQUIPMENT AND MACHINERY. IT WOULD ALSO BE USEFUL TO CONSIDER ADDRESSING CONFORMITY OF FLOWS TO ODA TYPE CRITERION AND ONE PERCENT TARGET. FIRST FULL PARA PAGE 14 DOWNPLAYS ESSENTIAL INTERCHANGEABILITY OR FUNGIBILITY BETWEEN EXPORT EARNINGS AND LOCAL COMMODITIES PARTICULARLY WHEN THEY ARE EXPORTABLES. THE DISTINCTIVE FEATURE OF THE CMEA ASSISTANCE DOES NOT DIFFER FROM LOANS.

STATEMENT ON PAGE VII-16 REGARDING LIMITED SIZE OF IMF OIL FACILITY AND ITS ONEROUS TERMS SUGGEST THAT SECTION ON BALANCE OF PAYMENTS SUPPORT BEGINNING ON PREVIOUS PAGE SHOULD BE EXTENDED TO DISCUSS THE ROLE OF NEWLY RICH COUNTRIES AND THEIR CURRENT AID POLICIES.

6. CHAPTER VII DEVELOPMENT ASSISTANCE, SECTION (C)(2)
"EXTERNAL DEBT REPAYMENT" P. VII-25 TO 29 -

A. NEW ECONOMIC ORDER - US DOES NOT CONSIDER DEBT RESCHEDULING APPROPRIATE TECHNIQUE FOR MEETING ENERGY RELATED PROBLEMS OF LDC'S. EXTENT TO WHICH MSA'S WOULD BENEFIT FROM DEBT RELIEF VAIRES WIDELY; MANY WOULD IN FACT ACHIEVE RELATIVELY LITTLE GAIN.

PRESENT US POLICY IS BASED ON EVALUATING MERITS OF DEBT RELIEF ON CASE-BY-CASE BASIS, WHILE AT SAME TIME PURSUING GOAL OF MINIMIZING INCIDENCE OF RESCHEDULING. MAJOR CONSIDERATION IN US POLICY IS FACT THAT CONGRESS TAKES DIM VIEW OF DEBT RELIEF, CONSIDERING IT FORM OF "BACKDOOR FINANCING" WHICH PROVIDES UNTIED MULTI-YEAR AID WITHOUT CONGRESSIONAL APPROVAL. UNLESS DEBT RELIEF CAN BE MORE CAREFULLY JUSTIFIED IN EACH CASE, THERE WILL ALMOST CERTAINLY BE MORE CONGRESSIONAL RESTRAINTS IMPOSED. THUS AS FAR AS US POLICY IS CONCERNED, DEBT RELIEF IS NOT--AS IS SOMETIMES SUPPOSED--A METHOD OF AVOIDING BUDGETARY APPROPRIATIONS. IF THIS WERE TO BE ATTEMPTED IN US IT WOULD BE SELF-DEFEATING. THIS IS ONE OF MAJOR REASONS WHY WE OPPOSE USE OF DEBT RELIEF AS GENERAL SUBSTITUTE OR SUPPLEMENT FOR AID.

B. APPROACHES TO DEBT RELIEF - US WISHES TO MAINTAIN

GENERAL DISTINCTION BETWEEN ITS POLICIES COVERING AID AND
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DEBT RELIEF, EVEN THOUGH DEBT RELIEF MAY TAKE DEBTOR'S
LONG-TERM DEVELOPMENT PROGRAM INTO ACCOUNT. DEBT RE-
SCHEDULING, HOWEVER, IS NOT VIEWED AS A POLICY INSTRUMENT
FOR PROVIDING DEVELOPMENT ASSISTANCE.

C. ADVANCE WARNING SYSTEM - US IS DEVELOPING SET OF INDI-
CATORS WHICH MIGHT HELP IN FORECASTING AND FORESTALLING
DEBT CRISES. WHILE IT POSSIBLE IDENTIFY LIST OF POTEN-
TIALY USEFUL INDICATORS, SYSTEM'S ABILITY TO FUNCTION AS
INFALLIBLE GUIDE MAY BE SOMEWHAT LIMITED DUE TO LACK OF
EXPERIENCE IN THIS ART AND EXTREMELY UNPREDICTABLE NATURE
OF EXOGENOUS FACTORS AFFECTING BALANCEOF PAYMENTS.

WHILE AVOIDANCE OF DEBT PROBLEMS IS IN INTEREST OF CREDI-
TORS AND DEBTORS, MAIN RESPONSIBILITY TO MONITOR AND
MANAGE ACCUMULATION OF EXTERNAL DEBT OBLIGHATIONS, SO AS
TO AVOID DEBT SERVICING DIFFICULTIES, RESTS WITH DEBTOR
COUNTRIES.

D. ELIGIBILITY FOR DEBT RELIEF - US IS PREPARED TO CON-
TINUE HELPING DEVELOPING COUNTRIES OVERCOME ACUTE DEBT
PROBLEMS. PAST US EXPERIENCEHAS SHOWN WIDE DIVERSITY OF
SITUATIONS CALL FOR DIFFERENT TYPES OF REMEDIAL ACTION, SO
THAT EACH CASE HAS HAD TO BE EXAMINED ON ITS MERITS. IN

RELATIVELY FEW CASES, DEBT RENEGOTIATIONS HAVE BEEN APPRO-
PRIATE REMEDY, BUT GIVEN NATURE OF PROBLEM, IT IS NEITHER
POSSIBLE NOR DESIRABLE TO DEVELOP UNIVERSAL PREDETERMINED
CRITERIA ON ELIGIBILITY FOR DEBT RELIEF OR GENERAL MODALI-
TIES FOR DEBT NEGOTIATIONS.

E. DEBT-RELIEF: PAST EXPERIENCE - DEBT SERVICING PROB-
LEMS OF LDC'S DO NOT LEND THEMSELVES EASILY TO GENERALIZA-
TIONS. FOR A MORE OBJECTIVE AND USEFUL ANALYSIS OF PAST
DEBT RELIEF EXERCISES, ESCAP SHOULD REVIEW RECENT IMF
PAPERS ON SUBJECT.

KEY TO EFFECTIVENESS OF DEBT RELIEF EXERCISES HAS GENER-
ALLY BEEN DEBTOR COUNTRY'S IMPLEMENTATION OF ITS ECONOMIC
POLICY COMMITMENTS. ONE OF MOST IMPORTANT RESULTS HAS
BEEN SIGNIFICANT IMPROVEMENT IN DEBT MANAGEMENT POLICIES
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OF DEBTOR COUNTRIES. WHEN RESCHEDULINGS HAVE BEEN FOLLOW-
ED BY DISAPPOINTING ECONOMIC PERFORMANCE, MAJOR FACTOR HAS
OFTEN BEEN INSUFFICIENT IMPROVEMENT IN DOMESTIC FINANCIAL
POLICIES.

F. SPECIFIC COMMENTS ON SECTION (V) P. VII 28-29:

PAST DEBT RESCHEDULINGS HAVE TAKEN DEVELOPMENT CONSIDERATIONS INTO ACCOUNT.

IN SITUATIONS WHERE DEBTOR COUNTRY'S ECONOMIC PROSPECTS WARRANTED LONG-TERM RELIEF, CREDITOR COUNTRIES OFTEN PREFER RESCHEDULE ONLY 1 OR 2 YEARS AT A TIME IN ORDER APPLY MAXIMUM LEVERAGE ON DEBTOR COUNTRY'S ADHERENCE TO APPROPRIATE STANDARDS OF ECONOMIC PERFORMANCE. THUS "REPEAT" RESCHEDULINGS ARE OFTEN INTENTIONAL.

INDIA'S DEBT RESCHEDULINGS HAVE BEEN ON REPAYMENT TERMS WITH A HIGH GRANT ELEMENT, AND CANNOT BE CONSIDERED "HARD".

US RESCHEDULINGS FOR INDIA HAVE NOT UTILIZED REFINANCING TECHNIQUE.

7. A. CHAPTER VII EMPLOYMENT, MANPOWER DEVELOPMENT AND TECHNOLOGY - OVERALL CONTENT OF DOCUMENT L.8 IS CONSISTENT WITH AID POLICY. (PRESUME USOM HAS AID POLICY DETERMINATION 48 10/2/72 "EMPLOYMENT AND INCOME DISTRIBUTION OBJECTIVES..." ON HAND. THRUST OF PD 48 IS IN DIRECTION OF EMPLOYMENT GENERATION THROUGH INTEGRATED RURAL DEVELOPMENT; APPROPRIATE TECHNOLOGIES (LABOR-INTENSIVE, ETC.) RELATED TO AGRICULTURAL DEVELOPMENT; LABOR-INTENSIVE PUBLIC WORKS; ENCOURAGEMENT OF ENTREPRENEURSHIP AND HUMAN RESOURCES DEVELOPMENT). IT IS ALSO SOMEWHAT LOOSE AND AT TIMES, A PUZZLING DOCUMENT. TWO POINTS WARRANT COMMENT. ONE IS GENERAL ABSENCE OF SENSE OF REALITY IN RECOMMENDATIONS AND OTHER RELATES TO LAST PARA P.VII 24 AND PRECEDING MATERIALS RELATED TO THAT PARA.

B. FIRST POINT IS IN PART PROBLEM OF LANGUAGE, E.G. SENTENCE ON P. VII 23 PARA 1, "THE PROTECTION SYSTEM

CERTAINLY HAS TO BE REVISED." IT IS ALSO, HOWEVER, IN UNCLASSIFIED

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PART PROBLEM OF CERTAINTY BASED ON IGNORANCE. FOR EXAMPLE, NOTION THAT COUNTRIES MUST HAVE QUANTITATIVE EMPLOYMENT TARGETS IS SOMEWHAT EXTREME, WHEN WE ARE FAR FROM CERTAIN EVEN HOW TO MEASURE LABOR UTILIZATION OR UNDERUTILIZATION. THIS IS NOT TO SAY THAT QUANTITATIVE EMPLOYMENT TARGETS OR REDUCTION OF PROTECTIVE TARIFFS MAY NOT BE NEEDED, RATHER ONLY THAT OUR UNDERSTANDING OF PROBLEMS DOES NOT WARRANT KIND OF EXHORTATION FOUND IN SEVERAL PLACES IN PAPER. IN ADDITION, THERE ARE PUZZLING STATEMENTS E.G. STATEMENT (P. VIII 23 PARA 2) THAT "ENTREPRENEURS SHOULD BE ENCOURAGED TO ADOPT THE MORE MODERN APPROACH OF REINVESTING THEIR PROFITS FOR THE EXPANSION OF THE ENTERPRISE RATHER

THAN DIVERTING FUNDS ELSEWHERE IN PURSUANCE OF SHORT TERM RETURNS AND CONSPICUOUS CONSUMPTION." REAL ENCOURAGEMENT IN THIS REGARD REQUIRES WIDE RANGE OF APPROPRIATE GOVERNMENT POLICIES, FROM ECONOMIC AND PRICING POLICIES TO LEGISLATIVE AND POLITICAL FACTORS AFFECTING INVESTMENT CLIMATE.

C. SECOND POINT DERIVES FROM FIRST. LAST PARA ON P. VII 24 HAS POINT TO MAKE NAMELY THAT CENTRALLY PLANNED ECONOMIES MAY BE OF INTEREST. THE MATERIAL AROUND THAT POINT NEEDS SOME DISCUSSION, E.G., IN DEVELOPING COUNTRIES UNDERUTILIZATION OF LABOR, I.E. INDIVIDUALS WHO WORK FULL TIME OR SEASONALLY AND BARELY PRODUCE ENOUGH TO EARN A SUBSISTENCE STANDARD OF LIVING, LIES AT HEART OF "EMPLOYMENT PROBLEM." EMPHASIS ON "NONEXISTENCE OF UNEMPLOYMENT" IN EFFECT MISSES CENTRAL ASPECT OF DISCUSSIONS ABOUT "EMPLOYMENT PROBLEM."

8. CHAPTER IX INDUSTRIAL DEVELOPMENT - THE SECRETARIAT SHOULD BE COMMENDED FOR ITS BALANCED ANALYTICAL TREATMENT OF THIS COMPLEX SUBJECT. PRINCIPAL SUGGESTION WE WOULD MAKE RELATES TO INDUSTRIAL DECENTRALIZATION, P. IX 14 AND 15 WHERE WE WOULD ADD THAT SOCIAL/ECONOMIC BENEFIT/COST CONSIDERATIONS SHOULD BE FACTORED INTO CHOICES AMONG ALTERNATIVES IN THE LOCATION OF INDUSTRY; E.G., IN MANY SITUATIONS DECENTRALIZATION OF INDUSTRY MAY BE JUSTIFIED ON STRICT GROUNDS OF ECONOMIC EFFICIENCY, AS WELL AS SOCIAL

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CONSIDERATIONS, WHEN ACCOUNT IS TAKEN OF SOCIAL OVERHEAD COSTS OF MOVING PEOPLE TO CENTRAL CITIES, HOUSING THEM, PROVIDING UTILITIES, ETC.
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